

Wilmington City Council met in special session on Thursday, May 10, 2012, with President Scott Kirchner presiding.

Roll Call: Jaehnig, present; Wells, present; Stuckert, present; Wallace, present; Mead, present; Siebenaller, present; McKay, present.

President Kirchner: This being a special council meeting, we will dispense with the Pledge of Allegiance. We have meeting minutes to cover. The first two items on tonight's agenda are in regard to the proposal presented by Councilman Jaehnig at the last budget work session. If you will bear with me a second, I am looking through my folder to find said proposal. After reviewing the proposal by Councilman Jaehnig and considering the underlying issues, I did want to let council know that I did believe there was an issue that Councilman Jaehnig had identified in his concerns that did need dealt with by council. Namely, that issue is the concern about timing associated with understanding options for new revenue generation. In his proposal, he did initiate some conversation as well about areas for review. I did want to cover those four areas, the review of opportunities to combine departments and job duties, possibly realignment of the some of the administrative functions, reduction of purchasing in some areas, and the opportunity to contract some of the work at a reduced rate are items that I am confident, based on conversations with the mayor, that he has been looking at and working on for the past four months and items that I believe are fairly universally supported by members of council. I will say that I will work to further that support, and based on what comes in tonight in the brainstorming session about ideas, we will work directly with the Chair of Finance to try and see what council can do to implement any of those ideas. While I do have some concerns about specific parts of the structure of the proposal, I think that it needs to be addressed. The suggestion of city administrative employees or private citizens having the responsibility or involvement in decisions about increasing taxation to me would be inappropriate with city administrative employees to have someone that derives their income from the taxpayer dollars. It would be inappropriate to have them on committees that are making recommendations about taxation. The information necessary from those employees can be gained without their membership on the committee, and I don't think it would appropriate to do that. The issue of having private citizens involved in the committees is also something that I would not support. The responsibility to create, debate and decide on legislation associated with taxation or budget rests in the seven individuals that are here on council as voting members. All of you asked for the privilege to serve as a representative as your constituents. To me, having private citizens involved in that process and placing that burden on them when they have not been selected by the citizens to do so or indicated they desire to do so would be inappropriate. I think the tough decisions have to be made by this voting council. Therefore, I will not support the idea of private citizens being on those committees. I will, however, continue to support, as I have from this seat, public input at every meeting, regular meeting of council. We do include a time when the public can address the council on any issues and this council has held two public hearings already – one on aggregation, one on games of skill, specifically desiring input from the public. If taxation members come before this council, I would strongly suggest and consider that we should hold public hearings on any type of matter like that to get that public input. I, in no way, want to indicate that we not need the public input to that process. That said, the underlying concern that Councilman Jaehnig raised is a valid one. If this council cannot balance the budget by identifying effective budget controls and savings methods, the question of other revenue options is one that is complex and time-sensitive. In order to get a measure on the ballot, this council would have to have all of the information necessary to make a decision in time to meet the deadline for November's ballot. Because of that, I do agree that Councilman Jaehnig's concern about the timing and the need to understand that information is valid. So, to that end, I have decided to create a new council committee, which we will call the Income and Levy Tax Committee. And I have spoken to every member of council about their willingness to serve and have identified three individuals who are willing to serve on that committee. They are Councilman Jaehnig, Councilman McKay, and Councilman Wallace. In the interest of keeping workload balanced, I have adjusted committee schedules and asked for and received the support of the three members of council who currently have one less

committee to serve in additional capacities on committees. The income tax levy committee, in my opinion, will be the appropriate body for addressing the question of taxation. To that end, I have created a charter for that committee to be clear on what it is identified to do. All of you have received a copy in there. Let me read the document.

With the creation of a new council committee, it is critical that the committee be provided a clear mission and policy area that it is asked to govern and legislate within. For that reason, as president of council, I am providing this guidance document for the newly created Income & Levy Tax Committee.

Since 2008, the City of Wilmington has experienced significant economic impact from the general economic troubles of the region, state, nation and globe, and more significantly, due to the far-reaching effects of the departure of DHL. Those economic impacts combined with three years of million-dollar-plus deficit budgets and a lack of significant city budget reductions during those years have depleted both the city's cash reserves and time available to make effective operational cost changes. This situation creates a need for significant immediate budget cuts or the identification of new tax revenue sources.

As identified by Councilman Jaehnig's revenue proposal, the issue of creating new tax revenue streams is a complex, detailed and time-sensitive matter. It results in a need to create a committee that focuses specifically in the policy area of municipal tax structure and legislation. The mission of the committee should be to perform current and ongoing review of the city's existing tax revenue structure and from that review investigate opportunities for tax reduction, or as the mayor has indicated he currently desires, new tax revenue options. The committee would present recommendations for consideration to the full council and the public.

The following is a work structure that is recommended for a thorough and effective start to the work of this new committee. In the near-term, they should document and review all existing local city income and levy tax revenue streams, and this is to create a documented baseline of existing funding sources and performances, city tax demographics and property base survey. They will, (a) create a database of historic performance from 2005 to present for each of those individual tax streams, (b) create a report identifying the spending area restrictions of each source, i.e. pensions or fire, (c) create a report identifying demographics associated with tax streams. If you look at those examples, you have people that pay earnings tax and live in the city or live outside of the city, people who live in the city and don't pay earnings tax, owner-occupied versus rental properties, and commercial property base. Investigation and documentation of city income tax change options will be the second priority. Earnings versus income: identifying the structural changes to the filing process, identify financial impacts of change such as lost revenue based on the structural change and increased revenue estimates based on the current population demographics, elimination of tax credits for taxes paid to other municipalities, and increase of income tax level, create a table containing multiple change level options and the revenue it would generate.

2. Investigation and documentation of new City Income Tax Change Options. The goal here is to create a table demonstrating current General Fund supplement levels that are provided by the budget for each area and various millage level revenue projections based on current property base for each of the below levies. We would also need to understand timing and filing process overview that is needed to be understood for execution of any kind of levy. Police levy, fire levy, ambulance levy, and streets levy are the four that came to my mind that the committee should investigate, and then (e) any other additional levy options that they determine are available. The long-term focus of this committee will be the creation of legislation for new tax proposals, including ballot language, for submission to the full council for consideration. For council approved issues, ballot submission and approval process overview. Development and guidance of campaigns in support of ballot issue, eventually moving to annual and quarterly updates as appropriate of the reports that were created in the beginning, the performance reporting on all income and levy tax issues, city tax demographic data, and city property base data. And then finally, hopefully, identification and recommendation to full council of options for income tax decreases or tax levy discontinuations. With the work of this committee being of great public interest, it is recommended that the committee create a regular

schedule for meetings. Regular should include consistent day of the week, interval of time between meetings and meeting times. It is also recommended that the meetings be held during evening time (6:30 p.m. or later) so that a majority of community and council members can attend. With that, I have rearranged council committees.

Councilman McKay: Scott, did you name a chair for this committee?

President Kirchner: Yes. Rob Jaehnig has agreed to be the chair. And actually, that was what I was getting to, Mark.

Councilman McKay: Okay.

President Kirchner: I have balanced out the workload, with the agreement, and I want to thank Councilman Wells, Wallace, and Siebenaller. All three of them agreed to step up to one more committee so that we could balance out and have five committee for each member of council. I also want to note that Councilman Stuckert agreed to take on one more chairmanship. He only had one, so we have asked him to take two, balancing out two across five councilmen, one with Councilman Wallace, and currently with Councilman Siebenaller new, we have not assigned him a chair yet. At this point, I would ask for council to offer a motion associated with approving the new committee assignments.

Councilman Jaehnig: I would like to have some discussion about this before we even move to that point, Mr. President.

President Kirchner: You have the floor, Councilman Jaehnig.

Councilman Jaehnig: Well, while I appreciate the fact that we are moving forward and looking into and getting the information needed to evaluate these particular committees, there are a few concerns that I have. One is, in my report, in my suggestions, it was suggested that we look at all revenue opportunities. I noticed that one of the revenue opportunities has not even been mentioned or brought up in this discussion. The combination of the income tax and the levy tax, those are two very complex individuals, and that is the reason why I split those into two different committees – because of the complexity of it. Also, in your interpretation of the committees that I put together, you implied that those committees would be making decisions. As I pointed out when I made my presentation, those committees were fact-finding and to help gather information and to see what our options were, but at no time were those committees going to be the ones making the decision, that it still would fall back to council. So, I have an issue with the fact that you were implying otherwise. The other issue is that I do have a concern that when we discussed on the phone, you had expressed that we had councilmen that specifically came to you and said that they would not sit on this committee. That concerns me that any councilman sitting up here would refuse to sit on a committee that would be looking at taxes. While I disagree with the fact that we should need taxes and that there are other options out there for us and taxes should be the absolutely last result, it disturbs me that we have councilman that have flat-out said, “I will not serve on that committee...period.” We have all elected to be councilmen, as the President had said, that means we get the good, the bad, and the ugly. I also feel, to be honest, I feel that the President and his motion here is basically dictating to council on how they should move forward with this, not asking for cooperation or discussion in not even asking for a review or comment to your proposal, which is what I did. I also am highly disturbed with the fact that the President is extremely aware of the hard work that I’ve been putting in bringing up-to-date our judiciary issues and ordinances, in which I have spent a great deal of my own personal time to move forward on, and I believe that that particular committee has been the most active and most aggressive since the beginning of the year. I am quite offended that, without even talking to me, you would just remove me from that committee and put somebody of less than a year’s experience on council in charge of that committee. That’s not a committee that I am interested in or willing to step down from.

President Kirchner: I appreciate your thoughts, Councilman Jaehnig, but I will say to your point about the committee makeup you suggest, decisions about taxation will be

made on the facts that are developed by those committees. By the very nature of the work they will do, they will influence the decision. That is why I believe that that responsibility lies solely with the council members here. I will also...

Councilman Jaehnig: You are working from the assumption that we then have all of the answers...

President Kirchner: Mr. Jaehnig, if you would. I do have the floor.

Councilman Jaehnig: Okay.

President Kirchner: I will also say that I contacted every member of council regarding this proposal, regarding the proposal you presented and my feeling that it was too many committees and got input from every member of council regarding that, including you.

Councilman Jaehnig: You did not present this to me.

President Kirchner: The charter suggestion of what the committee should focus on, as chair, you have the ability to determine a different focus. The purpose for which I created the committee is basically outlined in that document. It is not a guideline that you have to live by. It is a suggested charter for the committee.

Councilman Jaehnig: Not when you put it forward as a motion for council to accept this charter.

President Kirchner: I did not put that forward as a motion.

Councilman Jaehnig: You just asked for it.

President Kirchner: No. I asked for council action on the committee assignments. The balancing of the workload all across all of council, evening out, as you can see, is simply a matter of making sure that no members of council are overburdened with too many committees or too much work. Understanding the amount of work that will be necessary for this committee, it is a significant undertaking. I believe that Councilman Stuckert is quite capable and ready to step up to the Judiciary Committee chairmanship. I believe that it will be an effective transition. I believe that you can provide Councilman Stuckert with any additional information necessary on the items that you were working on, and the committee can continue to work. But this issue was a concern proposed by you and noted by you, and I have acted to provide an opportunity to address the concern, which is a very valid concern. I am not sure why the positive response of addressing the issue is of concern to you.

Councilman Jaehnig: I have no problem addressing the issue, and I can handle my current duties. For you to assume that I would not be able to handle this and to remove me from the one committee that you know I have worked excessively hard on and have a great passion for, disturbs me. That you would have that little respect for the efforts that I have put forward.

President Kirchner: The rearrangement of the committees was not meant to disrespect. It was meant as an understanding...

Councilman Jaehnig: It didn't come across that way.

President Kirchner: that was not the intent. I think that if you review the information in front of you, it is simply a complete balance. I also would note that I believe that your other committee members have that same passion...

Councilman Jaehnig: Well, I....

President Kirchner: ...and, in fact, in my experience, every member of council has a great passion for the committees they serve on. And, when we originally assigned

committees, we did get the input of committee members about the areas of interest they had.

Councilman Jaehnig: Correct.

President Kirchner: This was a new interest that you have brought forward, and you have been given the opportunity to work on it. I think that the plan is highly effective for execution of the city's business. I would welcome input from other council members if you have any.

Councilman Stuckert: Well, I would weigh in. My huge concern is, we have an emergency, whether we have stated it or not, we have a financial emergency in this city, this county, this state, and this nation. We've got to address both sides of this question. When we spoke about the possibility of working on revenue, I indicated last June, when I made myself available to fill an empty seat, that I had been following this situation for some time and that I believe that the spending side of the equation had been neglected for far too long. That is my passion and that is what I want to do. As I indicated to you, I personally don't think I would be able to give the kind of effort and passion that is going to be required of the revenue side. We recognize that we're going to be facing potentially both, and we've got the best minds and the most dedicated passion on both sides of this issue. That's why I, my own personal input, said, "Scott, I don't feel comfortable handling the tax stuff." I'm very interested in bringing to bear the kind of political will that we've got to have in order to address spending. If we don't address the spending side now, then we have no legitimate case to be made for increased revenue – none. We have to face facts. We have more evidence today. The revenue is going down everywhere. The reason it's going down is because our revenue is tied to our citizen's income and to their properties. What's happened to their income. They're going down. What's happened to the value of the properties. It's gone down. That is not a recipe in any economic rationale to be asking for increases in taxes on income or revenue. Unless we have absolutely...and I mentioned this one other time...taken this apart...literally take it apart and figure out how to put it together again. We have 7.9 million dollars to operate on, and we have been looking, looking, and looking, and the best we can do is come to 9.5. That's not good enough. That's not good enough. That's not going to be good enough for the citizens. That's not good enough for me. I wouldn't think it would be good enough for anybody up here. That's not good enough. And we've got a little bit of time because if revenue is going to impact the 2013 budget or the 2012 (and it's not going to impact 2012 at all) it's going to impact 2013, then both of these locomotives better get into shape and start moving out of the station right now. I think we need to put the best and most dedicated people that can be in the positions. I don't envy anybody that's going to look at taxes, but you know what, I don't envy anybody that's going to look at spending either. There's a lot of good people that have been looking at spending for a long time. So far, we haven't even come close. We have to do a better job. We have to move. I'm all for...I think we need a radical change. Let's let radical change right here in the council, and then let's take it to the community and let's take it to our internal operations and break this thing up and figure out what we're going to do. That's my logic behind it and why I would support rearranging things. Obviously, we're all going to have to make adjustments and we're all going to be doing things we don't want to be doing. We all are going to have to quit doing some things that maybe we would like to be doing. As far as I am concerned, without this revenue look and this spending look, there isn't anything else that any of these other committees that is going to make much that much difference. That's just my input.

Councilman Jaehnig: I don't have a problem working on this. I don't have a problem with the tax committee. But, you said, we all have to give up things that we like doing. Exactly what is it that you're giving up?

Councilman Stuckert: Well, I'll think about that for a while. I'm giving up...I'm going to have to find a way to dig into the internal operations in a way I never dreamed I would have to. I'm going have to urge other people to, too.

Councilman Jaehnig: And I understand that. You know, my point is, I'm the Judiciary Committee as the chair. At no time when I was asked if I would serve on this committee,

did I say I was concerned about my workload or what I would be able to do or anything of that nature. I have no problem being on this committee and looking into this, because I truly believe this is something we need to look into. I don't believe that a tax increase is our answer. God forbid that it is. My personal opinion is that if we do our research properly, we're going to find that the sale of the landfill is the real answer in regards to it. But, if we don't look at all the options appropriately...and the sale of the landfill isn't even mentioned in regards to this presentation...

President Kirchner: Let me address...you had raised that issue before. Let me address. There were two other issues that were raised. The question of the number of committees, because of the complexity of the issues, the reason that I put them all together is because, depending on the revenue mechanism, there are different timings associated. If you create committees to look at individual isolated issues, such as a police levy, the only funding mechanism that can work for is the Police Department. So the Police Levy would naturally look at full funding of the Police Department. In my opinion, this may be a complex cross of options that get put together. The other thing that you've got to look at is a property tax levy would not begin to generate property tax until 2014, which means that if the revenue issue needs to be begun being solved by 2013, you will have to consider an income tax issue. Would you want to do it all through income tax? I don't know. That's why I put all of it under one committee. The ability to look across the funding mechanisms to bring forward how they compare, what their timing would be for revenue generation, their timing would be for ballot, which the time really should be the same for all of them, the ballot language is what would change. But, you have to look at this as a whole, because if you isolate each one of those off on a separate committee, they are looking at very tunnel vision approaches to funding. So, by looking at this in one committee you are able to look at all tax issues across the boards. The question of the landfill, and the reason that that was not addressed, and I did discuss this with the mayor, there are two committees that already exist that can deal with the question, if it is brought forward to council, of selling the landfill. First of all, you have a Solid Waste Recycling Committee, which oversees the operations of the landfill. Second of all, you have Asset, Acquisition and Use, which deals with the assets of the city. As I shared with the mayor, if there is a business case to be made for why the landfill needs to be sold, that would come from the Superintendent of the Landfill, the Service Director, and the Mayor and be presented first to the Solid Waste Recycling Committee, and if they felt that needed to move on to Asset, Acquisition and Use, then Asset, Acquisition and Use could review the question of considering RFP's associated with it. I would say, from my standpoint, a fire sale on citizens assets at the lowest point of property values and economic value of things, to try and solve budget issues that we as council can address through structural changes of the way the city operates, is not an effective and responsible way to approach the budget responsibilities we have.

Councilman Jaehnig: Well, again, you're putting words in my mouth. I never said that any of these should take action before all budget cuts were looked at.

President Kirchner: I didn't put words in your mouth. What I just stated, Councilman Jaehnig, was my opinion on the issue on selling the landfill. I'm not indicating that was your opinion. I am indicating this is my opinion. That a fire sale of citizen's assets at the lowest point of value in decades is not an effective way to deal with budget issues that this council can address through structural changes to the operation of the city.

Councilman Jaehnig: But that statement in regards to landfills is not a backhanded statement.

President Kirchner: I believe it is. I state it as my opinion. It is my opinion. Councilman McKay?

Councilman McKay: First of all, I do appreciate the establishment of the income and levy tax committee. I think that it is appropriate and it's given a lot of power and I appreciate that. It's an important part of our discussion. I'm discouraged by several things. I'm discouraged that you have reworked the council committees, not only removing Councilman Jaehnig from the Judiciary Committee entirely but, you know, you have folks that do not have nearly the experience. All council people have a lot of

concerns and they want to do the job, but I'm afraid that you have removed someone who has been doing a great job on the Judiciary Committee, and...

President Kirchner: And let me...

Councilman McKay: Can I finish? Can I finish?

President Kirchner: I just would like to address this issue. There is absolutely no indication from me in the rearrangement of this workload any disrespect for the great effort given by Councilman Jaehnig on that committee, nor an indication that I believe the job was not being done. The reason that the change was made was because after truly drafting the document to understand what the new committee would have to do, the workload was significant. And it was out of concern that those workloads would be better spread across other councilman who could and should step up. There is absolutely nothing but appreciation for the work that Councilman Jaehnig has done and respect for the work that Councilman Jaehnig. And I apologize if the change of committees has indicated in some way a disrespect, but I want to be clear, none was intended and none is meant.

Councilman McKay: I don't think I used the word disrespect, but if I did, I apologize. I'm just disappointed that he has been removed from that committee where I feel he has taken a leadership role and accomplished an awful lot in a short time. Secondly, I am concerned that I have been removed from the Finance Committee. I have the most tenure on council. I have 17 years banking experience, and I have worked tirelessly to try to make the city better through the finances. I guess I don't understand that. I appreciate Bryan, Loren and Bob, but we did not discuss me being removed from the Finance Committee.

President Kirchner: Honestly, until I drafted the document and realized the workload, it had not occurred to me that it would be required. But as I saw the workload associated with that committee, I determined that it would probably be effective to provide extra time for that committee to be able to do the intense amount of work associated with it.

Councilman McKay: Wouldn't you think that you should have given me a phone call and asked me how I might respond to it?

President Kirchner: My under...

Councilman McKay: Instead of doing it in public council?

President Kirchner: My understanding is that members of council are willing to do whatever they can in the process of committee work to assist the city in executing its business. And...

Councilman McKay: You can do anything you want as President...

President Kirchner: ...I think this is a highly effective structure for addressing those needs.

Councilman Jaehnig: I have to disagree with you.

Councilman McKay: I disagree.

Councilman Stuckert: I want to say something, I think maybe hearing all of this, I'm starting to become offended by the reference to my lack of experience.

Councilman McKay: I tried not to do that Loren, and I do apologize if that inference was there. Obviously, folks that have had more experience on council should be able to lead a committee better.

Gary Hufferberger: It should also be noted that all three members of the Finance Committee are the ones who are most fiscally conservative, and that there are at least three members of the full council who have a clearly different philosophy who will not be represented at all on the Finance Committee. It looks like it is a stacked Finance Committee to be frank.

Councilman McKay: I couldn't have said it better, Gary.

[General comments of approval from audience and scattered applause]

President Kirchner: I believe that this council has the ability to approve or not approve the committee recommendations that I have put before it, but I will also point out to everyone in this room that with all of the experience that existed on the Finance Committee prior to this year, we are still dealing with the third year of a million dollar-plus deficit budget and we have a dwindling carryover that leads us with limited options.

Councilman McKay: Scott, it seems as though you have an agenda. I'm sorry to say that, but...

President Kirchner: This entire process was initiated by Councilman Jaehnig's proposal.

Councilman McKay: No.

President Kirchner: And...

Councilman McKay: No.

President Kirchner: ... I'm not sure why you interpret the change of workload as an agenda, and I'm sorry that's true, Councilman McKay.

Councilman Jaehnig: That's not true. There's no need to change...

President Kirchner bangs gavel.

Councilman Jaehnig: ...these work assignments. If you want to add another committee, we can handle the additional work.

Councilman McKay: I have no problem serving on the Finance Committee in addition to the additional committee.

President Kirchner and Rob Jaehnig speaking simultaneously. Inaudible for Transcription.

Councilman McKay: I'm sorry?

President Kirchner: You can still attend those meetings.

Councilman McKay: But I can't speak.

President Kirchner: That would be a question to be directed to the Law Director, but my understanding...

Councilman Jaehnig: We are well aware of that.

Law Director Brian Shidaker: Unless it's a special council meeting, no.

Councilman McKay: Scott, it's sad that you have used your pulpit in this way, and...

President Kirchner: I...

Law Director Brian Shidaker: Can I say something, Scott?

Councilman McKay: I'm sorry about that, and I haven't said it publicly.

Law Director Brian Shidaker: This has to be voted on.

Councilman McKay: I know.

President Kirchner: It is for council's decision.

Law Director Brian Shidaker: It is. It has to be voted on, Mark. This doesn't take effect unless it's passed.

Councilman McKay: I understand.

Councilman Stuckert: I'd say something else in favor of switching up. I haven't seen these committees...how many folks, it can't be lost on us that we have three years of million dollar deficits. I think there's great value in switching in who is looking at what... because this is got to be done quickly. As far as stacked four-three, whatever, we have seven members. It's always four-three if there's disagreement. Right?

Gary Hufferberger: In a working committee, it's three-zero.

Councilman Jaehnig: I would agree with you, Loren. The thing that concerns me...you keep talking about that the time pressure is there. The concern is, that as of today, the only cut in budgets that has been made came out of the Parks Committee, so we keep talking about how we need to make budget cuts. No other committee has made a budget cut, other than the Parks Committee. We have a revenue concern as well. No other committee has made any effort in regards to revenue other than the Judiciary Committee in regards to trying to get permitting through on games of skill. So, if we are in a rush, we are in a time schedule that we need to get these things done, then we need to get these things done. And I have no problem in digging in and working hard, I think that's exactly what I've been doing, and I have worked on both sides. I have made cuts and I have brought revenue to the table. And I'm sorry if you didn't mean it this way, but I'm highly offended that I have done both of those things and that without even discussing with me whether I can handle the workload or not, you have removed me from Judiciary completely.

President Kirchner: Councilman Jaehnig, I cannot help how you interpret something. I would make one factual note that you are incorrect. Finance Committee did reverse appropriate \$25,000 out of the mayor's consultant line item, saving \$25,000 for this year. There has been other effort there. I know that Don Wells has been working to make sure that we are receiving appropriate revenue at the landfill and charging appropriately for that asset. While that doesn't come into General Fund, it is work on revenue to cover an operating cost of a city enterprise committee. So, I cannot stop your interpretation, but I will also say that if that is the threshold that I did not call and talk to you, I could easily be offended by the way the proposal was presented to me in a public meeting. But, I was not, and I simply read and understood the concerns associated with it. I think that, after time, if this committee assignment is approved, you will see that the balance of workload is affected, and perhaps, as Councilman Stuckert points out, could provide a new approach that could find the ability to balance this budget. Insanity is described as doing the same thing, the same way over and over again and expecting different results. Perhaps these different results could come from different people on committees.

Councilman Wallace?

Councilman Wallace: When the President called me about this committee, I certainly jumped on board and said, "I'd love to serve on the committee," but the way it was presented to me, I felt, that the rest of the committee assignments would not be altered at all or changed. So, I was a little surprised to see a couple of changes here in the various committees. Let me just say, as I attempted to speak in a committee meeting that we had on safety, you know, we've spent more money than we have saved so far this year. You know, it's hard for me to stand up here and say some of these things. But, we're not doing a very good job. We can say we're budget-minded, but we're not. We spent \$35,000 at the last meeting, if I remember, \$80,000, excuse me, we bought a scale, we

spent \$35,000 on safety and we're spending all kinds of money. We're not saving anything.

Councilman Wells: We have not done that.

Councilman Wallace: Well, we're voting on it, and I don't see anybody complaining about it. All of a sudden, we want to always point the finger backwards. We're not living in the history, we're shooting for the future. That's the one thing about the Income Tax and Levy Committee, is at least here to look in the future and say, "Hey, we've got a problem, and maybe we can't solve it that way." I just think we're battling with the words and everybody is going round and round. I'm okay with calling this thing to a vote. I don't think we need to change any committee structure except adding one. That's where I stand. I hear from McKay and Jaehnig that they say the same thing. They were the two main structure changes in this committee assignment.

Councilman McKay: It just seems punitive, I'm sorry to say. I think it's the President's role to lead council in a positive way. When the President keeps talking about what we've done for the last three years, that's not leadership, that's looking in reverse. We need to look forward. We need to bring people together. This has done nothing but take people apart.

Councilman Siebenaller: I know you say we need to look forward, and I completely agree, but one of the reasons I ran is that we have a continual budget deficit, and we all know that we can't keep doing it. I agree that we have a lot more that we need to do. But, past history informs future decisions. So, we need to understand where we were at, especially me being new, to be able to make good decisions moving forward. I am concerned about having an income and levy tax committee because I feel like, when I coach athletes, I tell them, "You need to be focused on what you need to do." If a hurdler is sitting there thinking, "Well, when I get to that hurdle, I'm going to fall," guess what's going to happen. They're going to fall. So, if the goal is to live within our means, that's got to be the focus. I know we need a parachute, but when I ran, I told people I had a really hard time with the idea of raising taxes on people in Wilmington, and I still stand by that. I have a very difficult time with the idea of raising taxes on people in Wilmington.

Councilman McKay: You do understand that we're not planning on doing that.

President Kirchner: To that point, Bryan...

Councilman Siebenaller: I know that's not what we want. I know that's not what anybody here wants, but if we are looking at those options, are we not on the same hand saying, we already don't expect to reduce that deficit.

Councilman McKay: No. I think we're just preparing for a possibility.

Gary Hufferberger: I'm hearing the three members of the Income and Levy Tax Committee saying they would not be adverse to the extra workload. Therefore, why should we proceed with the changes in the committee makeup if the three members of the Income and Levy Tax Committee themselves, the ones who will shoulder the additional work, are not adverse to the additional work, does that not settle the issue? If that was the motive...if that was the true motive of this change and not philosophical...?

Councilman Stuckert: Are we relegated to being...the new guys are just back-benchers or something? I'm kind of offended that there's a big problem with spreading it out.

Councilman Jaehnig: If you want to be on the committee, Loren, you can be on the committee. I'll step down and let you add it.

President Kirchner: Gary, to address your question, I had proposed...

Gary Hufferberger: So, Loren, so it isn't just workload then. I mean, you're...

Councilman Stuckert: Yes it is. Yes it is. I want to have an equal load with everybody else. I want to be in this...

Gary Hufferberger: But the people... Okay. Well, then add people to committees but don't take them away. That would be the solution to what you're saying, Loren.

Councilman Stuckert: Not necessarily.

Gary Hufferberger: Not necessarily? Yes it would.

President Kirchner: Gary, to answer your question. I have proposed a structure that I believe is an effective way to balance the workload and, hopefully, balance the budget.

Gary Hufferberger: And there was a [inaudible for transcription] tactic in the fifties, too.

President Kirchner: And I will leave it to the News Journal reporter to interpret motive.

Gary Hufferberger: Not motive, but it seems things are what they seem.

President Kirchner: If there is no more discussion, I would entertain a motion from council.

Councilman Wells: So moved.

Councilman Stuckert: I'll second.

Clerk Brenda Woods: What's moved? He needs to tell me.

President Kirchner: Councilman Wells, you are moving to do what?

Councilman Wells: Approve the committee assignments. Is that correct?

President Kirchner: Yes.

A motion was made by Councilman Wells and seconded by Councilman Stuckert to approve the committee assignments as presented.

President Kirchner called for a roll call vote.

Roll call: Jaehnig, no; Wells, yes; Stuckert, yes; Wallace, no; Mead, yes; Siebenaller, yes; McKay, no.

Gary Hufferberger: It's like the Supreme Court after Gore-Bush; they voted along party lines.

Committee assignments approved, by a simple majority, as presented.

Gary Hufferberger: I'm just glad nobody else was here to see this.

President Kirchner asked for order and sounded the gavel.

Gary Hufferberger: Not much input. It's over now, on my part.

President Kirchner: We'll now move into the only item on the agenda this evening, which is the Finance Committee and the budget work session. Councilman Mead would you like to...

Councilman Mead: We did have some things at the last work session that did not get completed, and one of my duties is to balance the budget – to work on the committee to balance the budget – so this is what I'm focused on. We have reports from the mayor. We have reports requested from the various departments from the department heads and so far would any of those people like to add anything at this work session as far as...

Mayor Riley: I would be willing to say that it is going to be damn near impossible, if not completely impossible, to balance the budget by just cutting spending. I know Scott has said in the past that we do not have a revenue problem, we have a spending problem. I could not disagree more. We do have a revenue problem. Every municipality in the State of Ohio, every state in the union, has a revenue problem. The economy has tanked. I mentioned at our last meeting, I could take every employee – of course, 85% of our expense is Human Resource related. It is hiring people to get the job done. I can take all of the employees in the City of Wilmington, and if I eliminate those who are in an enterprise fund, who are paying for themselves through the billing process, which would be Water, Sewer, and the landfill. If I take out Safety Services, because we all made a commitment that we are not going to reduce Safety Services, so if I do not touch Police, Fire, Dispatch, and of course, there is nothing I can do with the courts up here. If I take every other employee that is being paid for out of the General Fund, and that includes all of the Law Director's Staff, all of the Treasurer's staff, all of the Auditor's staff, all of the Streets Department people, everybody who works for Denny, and everybody who works up here in this building in administration, if I cut every one of them, it would be about \$1.5 million. That just does it, but it decimates the city. We do have a revenue problem. We have to pay for the employees that are here. To try to cut this, to try to balance the budget just by reducing spending is going to be impossible to do. I have been working at this for about four months. We have made some reductions. We have made some changes. Larry and I were talking today about making some more changes, but what we can do without making massive, massive cuts to the services that the citizens deserve, is going to be impossible without making massive cuts to the services. We can do some nickel-dime things by reorganizing. The Parks Department is now working as an enterprise fund. They are just operating off of the levies and the CAT tax that they receive, but we cannot balance this budget just by making cuts. Just by saying we have a spending problem and not a revenue problem is not going to get it. It is wrong. Loren, I would love to have you come and look at what we're doing. I do not see any place that we can cut 1.3 to 1.5 million dollars. We can cut here and there. We can make adjustments here and there, and we're doing that as we go. We're still in a hiring freeze. We're still in a spending freeze. We've probably spent less this year than in any previous year. To go back to previous administrations, in the past couple of years before he left, Dave Raizk cut about \$2,000,000 out of this budget. There were budget cuts. So, there has been a lot of cutting, but we need to look at the entire picture. I liked Rob Jaehnig's proposal. I liked the idea of looking at income tax or earnings tax. I liked the idea of looking at levies. I liked the idea of looking at landfill. And I can guarantee you, without a shadow of a doubt, that I'm going to continue to do that. I will appoint some people that will look at the landfill, and I will include council, but the mayor will appoint a committee to look at the potential sale of the landfill. I will do that myself if the President is not willing to do that; I will do that. And I will include citizens, because as Scott said when he first got going, private citizen input would be inappropriate. I could not disagree more. Private citizen input... I wrote it down when you said it... private citizen input would be inappropriate. I could not disagree more. Private citizen input is valued by me. I appreciate what the citizens of Wilmington have to say, and I will solicit their opinions and I will solicit their help in getting this budget under control, but we've got to look at revenue as well as spending. I'm disappointed. I'm disappointed in this whole evening. I am disappointed in the realignment of the council committees. I agree with Gary Hufferberger's comment that it was stacked. He used the word stacked, and I could not agree with him more. It's impossible to see it any other way.

Councilman Stuckert: Can I make comment on the composition here. My understanding is that on public input – there isn't anybody up here that doesn't value public input. But when is the public input appropriate and when it isn't. I think the point is, the public input on the committee... We've got to go to the people at some point. If you're going to put a revenue increase out there or a proposal, then we will get public input on that. But we've got to do a lot more work ourselves. You know, to me, it's futile. What do we do? What happens to us if everything that we're proposing with revenue is going to take a vote of the public. Where will we be when we're sitting here in November and we don't have public support for any revenue increases? Are we going to say then, that if we eliminate everybody we can't close the gap. We have to close the gap then. We've got to do it.

Councilman Mead: Gentlemen, please.

Councilman Stuckert: Excuse me.

Councilman Mead: That's alright. Everybody's had a chance to talk a little bit. I'm not going to give it up yet. I don't think it's a necessity that we throw in the towel and "No, we can't do it." I think we should keep trying. I think that's why we're here today is to ask people if they have any ideas or any help. Anything they can throw into the pot that might help us bring our spending into line. That's what I'm looking for. I'm not looking to sell the city just to get money to run for another year or two. I'm not looking at that. I'm looking at what can we do, first of all, on the budget to control our spending and bring it down. That's what we're looking for. My goal is to balance the budget. I intend to do so as far as I can do it. So, we're looking for ideas and at the last minute we didn't get into our brainstorming session. So, hopefully, people won't be...you probably have all seen that movie *Twelve Angry Men* – it was a jury trial and they all got mad at each other before it was over and then it ended up one way or another working out. I'm not saying we're going to do that, I'm just saying, think if there is anything that you can throw out there that right now we can consider as possible ways to cut our spending – our expenditures. For not only next year but the rest of this year. I would like to open it up to ideas. If anybody has any, please throw up your hand.

Mayor Riley: Why don't you get us started with an idea?

President Kirchner: Councilman Mead, I know that earlier this year I caught a news story and I want to say the city was Moraine, where the employees – the public employees came forward to the city administration with a voluntary furlough program that saved the city \$800,000 for the year. Now, while I understand that previously a reduction in work hours

[TRANSCRIPTION INTERRUPTED – END OF TAPE]

President Kirchner:deficit issue and to assist this council in the ability to balance that budget and avoid job loss, would be a very welcome idea if they wanted to bring one forward.

Councilman Mead: I want to stress here. We're not here to judge these ideas. We're not here to say yes or no. We're just here to create ideas. I think Scott offered one point, he can write on the board over here. So, that's the first one. I believe, Mr. Mayor, you spoke up.

Mayor Riley: No. I asked you to get us started.

Councilman Mead: I like brainstorming sessions. I think we need to look at all of our employees; not just the hourly employees, administration as well to see if there are areas that we can combine or reduce. It's an idea. To combine departments or person's duties and maybe eliminate levels of the administration that aren't necessary any more. We are looking at this...if you look at history back in 2004 and 2005, our income was probably close to what it is today, but our government has grown a lot, so we need to look at how we get back into line again as we were then. Who else wants to jump in?

Bryan Siebenaller: I have been doing some research and something that Bob had mentioned, I actually saw that there were a couple of municipalities in other states that had been doing this, which was combining streets services with the county. So, I don't know what that would take to do, but that was something that some municipalities had done. Mr. Mayor, you had mentioned Dispatch as a possibility of combining that. Anything we could do to collaborate with other local governments. I know you've already starting looking at some of that.

Mayor Riley: Dispatch – if we combine dispatch with the Sheriff's office, there would still be a very hefty expense because we're still going to have to pay the sheriff for our dispatch services, and we would need to keep all of our dispatch equipment operational. So, the savings would probably be minimal.

Councilman Mead: Let's not judge again. We appreciate it, but let's not judge again.

President Kirchner: The grant that we filed an application for was to study that very thing and understand whether or not that's the case. Are you indicating that you've already got data that indicates the...

Mayor Riley: In conversation with the sheriff that we would be working with, there would be some expense.

President Kirchner: That assumes that the dispatch would go to the sheriff, but it would be possible the dispatch could come here. So, I would say that that study actually should determine.

Mayor Riley: The state law requires that the sheriff is the only elected official that is empowered with emergency communication. The sheriff has told me a couple of times that he is not going to abrogate the responsibility under any circumstances.

President Kirchner: Should we withdraw the application, is my only question, Mr. Mayor.

Councilman Mead: Let's not really debate it too much right now. Let's just stick to the point and keep this as a brainstorming session. Any ideas at all. When I was at my first brainstorming schedule, I told them I think we should paint all of the restrooms pink. They're just ideas. They don't even have to be good ones. You're just trying to collect ideas and see if what you can make out of them. Does anybody have anything.

Mayor Riley: Sell the landfill.

Mayor Riley: Transition all public services to the private sector.

Mayor Riley: Paint the restrooms...what color was it?

Several council members in unison: Pink.

Mayor Riley: Might as well.

Councilman Stuckert: Sell the water company.

Councilman Wells: I thought...we had talked about cooperative buying. In talking to Donnie at the landfill, he talked about one of the big expenses was large tires for big equipment and fuel. If we could maybe purchase everything from the same supplier, perhaps we could get a better deal. Or even if we had to go in with the county.

Service Director Reinsmith: There's just a little problem on that. We did that for a while. Of course, all of the other suppliers in town, they all pay taxes and they are all business people, and they think it ought to be spread out a little bit instead of giving someone all of the business. So, it's tough to do that. You know, we have a lot of businesses in town, and they all think...

Councilman Wells: But the large tires, as Donnie suggested...

Councilman Mead: Let's just put down the ideas.

Councilman Wells: There's not that many.

Councilman Mead: Let's just put the ideas down. Just enough discussion to clarify.

Councilman Mead asked the council members individually if they had ideas.

Councilman Stuckert: I don't know...we had privatize everything...that's something that should be looked at. Not everything.

Mayor Riley: We could privatize our EMS, Fire, Police, Water, Streets. We could privatize absolutely everything.

Councilman Stuckert: Well, I know we could, I'm just saying we should look at places where it would really make sense. If we have an enterprise that's...

Councilman Jaehnig: But even if we privatize enterprise projects, it has no effect on the General Fund.

Councilman Stuckert: That's what I'm saying.

Councilman Jaehnig: So, in regards to having a budget balancing discussion, that would be a waste of our time.

President Kirchner: One of the reasons that I don't strongly consider the selling of the landfill as a proactive approach to solving the budget.

Councilman McKay: Well, if it was sold, the proceeds could be, through Common Pleas, spread out to the General Fund.

Mayor Riley: If we sold the landfill, for let's say \$40,000,000, first of all, we could pay off some county debt, for example. Jerry is spending about a million dollars per year at the Water Plant just on debt retirement. So, if we retired that debt and got the Water Department out from underneath that, we might be able to lower the water rates to our citizens. The Oakwood study has shown that we are consistently in the top 10% on water rates. By reducing our debt load, we could relieve the situation. There are other things. We were talking about cruisers and scales. All of those are capital items. That money could be spent for capital items. So, \$40,000,000 would also get us, I would hope and pray, \$40,000,000 would get us through this current financial crisis – not that just us, but that the state and the nation are in. We know it has always swung back, but how do we survive until the swing happens? Well, we might have to sell time.

Councilman Mead: Does anybody else have any other cost savings ideas? That is what we're looking for. The income of the money manufacturing ideas could be at a separate time. We're just trying to hunt for things that we may not have thought of or haven't looked at.

President Kirchner: Gary, do you notice any kind of pattern to the revenue generation ideas? Do you think those ideas are stacked?

Gary Hufferberger: It reflects the philosophical divide I was speaking of, and I apologize for my temper.

President Kirchner: That's okay. I was just curious if you were analyzing the same way on that side.

Gary Hufferberger: Yes. There's a philosophical divide: 4 to 3.

Councilman Mead: Does anybody have any other ideas for cutting costs, cutting strategies. If not, until a better time comes, we will [inaudible over traffic noise].

President Kirchner: Thank you, Councilman Mead. I'll grab that. We'll get the ideas out to council and take a look at the opportunities we have to perhaps save some money and look at revenue generation ideas. Okay. If there is no other discussion from council and from the mayor, I would accept a motion to adjourn.

A motion was made by Mead to adjourn.

President of Council declared the motion adjourned.

Council adjourned.

ATTEST:

President of Council

Clerk